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June 1, 2018

VIA ECFS

Marlene H. Dortch, Secretary
Office of the Secretary
Federal Communications Commission
445 12th Street, N.W.
Washington, DC 20554

Re: Iowa Network Services, Inc. d/b/a Aureon Network Services
In re Iowa Network Access Division Tariff F.C.C. No. 1
WC Docket No. 18-60; Transmittal No. 36

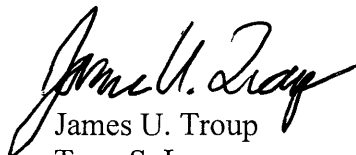
Dear Ms. Dortch:

On May 31, 2018, James Troup and Tony Lee of Fletcher, Heald & Hildreth, Frank Hilton and Justyn Miller of Iowa Network Services, Inc. d/b/a Aureon Network Services ("Aureon"), and Brian Sullivan of JSI, Inc., met with the following FCC staff to discuss the FCC's investigation of Aureon's tariff. The following Commission staff members from the Wireless Competition Bureau attended the meeting: Pamela Arluk, Victoria Goldberg, Lisa Hone, Joseph Price, Vienna Jordin, James Litchford, Edward Krachmer, Lynne Engledow, Douglas Sloten, Robin Cohn, and Al Lewis.

The purpose of the meeting was to discuss Aureon's Direct Case and Rebuttal, and issues raised by AT&T and Sprint in the tariff investigation. During the meeting, the attached handout was distributed to staff, and the topics on the handout were discussed.

Should you have any questions with respect to this matter, please feel free to contact us at (703) 812-0400.

Sincerely,



James U. Troup
Tony S. Lee

Counsel for Iowa Network Services, Inc.

Enclosure

Aureon Meeting with FCC Staff

1. Background

- a. Regulatory Background, and Historic Regulation of Aureon by the FCC
- b. Purpose of Aureon's CEA Network
- c. Importance of the CEA Network to Competition and the Provision of Advanced Services in Rural Iowa
- d. Rate Benchmark
 - i. Aureon Must Be Able to Earn its Authorized Rate of Return to Continue to Provide CEA Service and Other Services That Benefit Rural Residents
 - ii. No purpose for Aureon to file cost studies if its rate is less than the \$0.00819 default transitional rate or the CLEC rate benchmark because the FCC has already decided that CLEC tariff rates below those benchmarks are automatically considered just and reasonable.
 - iii. In the alternative, Aureon should be permitted to charge a cost-supported rate between the CLEC rate benchmark (as a floor) and the default transitional rate (as a ceiling).
 - 1. If Aureon is unable to charge a cost-supported CEA rate that will enable the company to maintain its CEA operations, CEA service may need to be discontinued.
 - iv. Appropriate Rate Benchmark is the NECA Rate
- e. Impact on Rural Iowa if CEA Service is Shut Down

2. CEA Network Architecture

- a. Architecture of Aureon's CEA Rings
 - i. Provisioning Issues – DS-1s vs. DS-3s
 - ii. DS-0 Trunks From the Tandem Switch, and at the LEC end offices
- b. No Other Carrier, Including CenturyLink, Has a Network That Provides the Same Capabilities as the CEA Network
 - i. CenturyLink's network does not have traffic concentration capabilities to enable smaller IXC's to connect at one location in order to compete with the IXC incumbents, CenturyLink and AT&T.
 - ii. Even if CenturyLink's network could reach all of the subtending LECs, which it could not, AT&T's CLEC rate benchmark calculation using 22 miles of transport does not factor in additional costs that IXC's competing with AT&T would have to incur to construct expensive facilities or to pay other carriers for transport to reach CenturyLink's tandems located in disparate locations throughout Iowa.
 - iii. IXC's competing with the incumbent IXC's (AT&T and CenturyLink) avoid additional costs associated with CenturyLink's service by sending traffic to a single point of interconnection on the CEA network.

3. Cost Study Issues

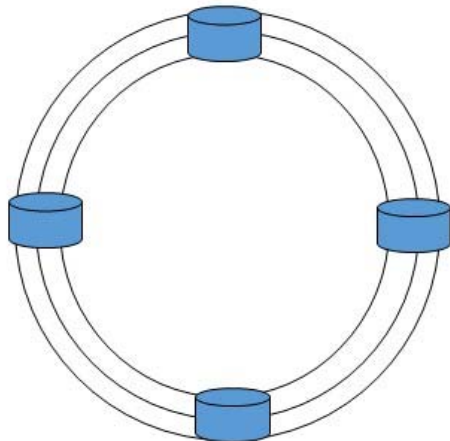
- a. Commission should not regulate the cost inputs for the Network Division's lease rate as such lease prices are nonregulated and not subject to investigation

- b. AT&T's challenge to the nonregulated lease rate is inappropriate because Aureon's lease rate is less than the Network Division's fully distributed costs
 - i. First Alternative Method – "Alternative Revenue Requirement Calculation" in Annexes 1-2 to the Direct Case
 - ii. Second Alternative Method – "Additional Cost Justification Methodology" in Annex 4 to the Direct Case
 - c. Allocation of COE and CWF Costs is Appropriate
 - i. No Dispute by AT&T that Path Method is Appropriate for COE Costs
 - d. Use of Path Method to Allocate CWF Costs is Also Appropriate.
 - i. Pursuant to NECA Reporting Guideline 4.19, the Path method is more appropriate for allocating the network costs associated with channelized circuits, i.e., circuits that consist of voice trunks used by the Access Division.
- 4. Mileage Issues
 - a. The average weighted miles calculated by Aureon applied the actual MOUs for all IXC's to the miles of transport provided to those IXC's
 - b. CenturyLink Mileage Calculated by AT&T is for Part of the Network that Aureon Does not Even Provide
 - i. AT&T asserts that the relevant distances are the mileages between CenturyLink's tandem switches and the local exchanges of each of the subtending LECs to which AT&T delivered access traffic, i.e., transport facilities provided by CenturyLink between a CenturyLink access tandem (Aureon POI) and a LEC end office.
 - ii. AT&T only considers the distance from CenturyLink's closest switch to a subtending LEC, and ignores the mileage associated with the transport to route traffic to Aureon's seven remote tandems in Iowa
 - c. Individual Mileage Calculated by Sprint is Irrelevant Because it Does Not Take Into Account Traffic of Other Carriers that Use CEA Service
- 5. Traffic Projections
 - a. Aureon's Traffic Projections are Accurate in Light of the Current Data.

**Unregulated Lease Provided By The
Network Division To The Access Division**

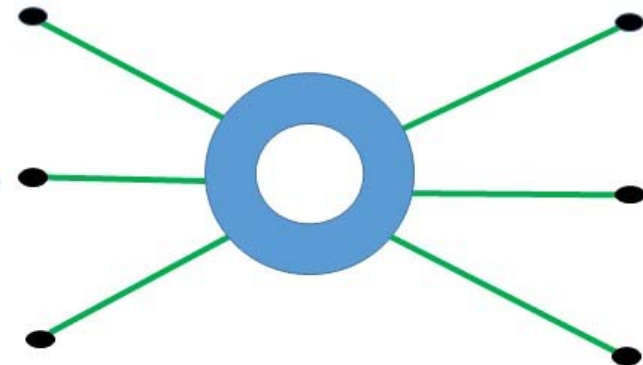
Aureon - Network Division
Unregulated Services

Enterprise Connectivity, Business Mobility, IT Support, Cloud Computing, Broadband Services, IPTV, HR Services, Call Center Services, Managed Services, Fiber Network Connectivity



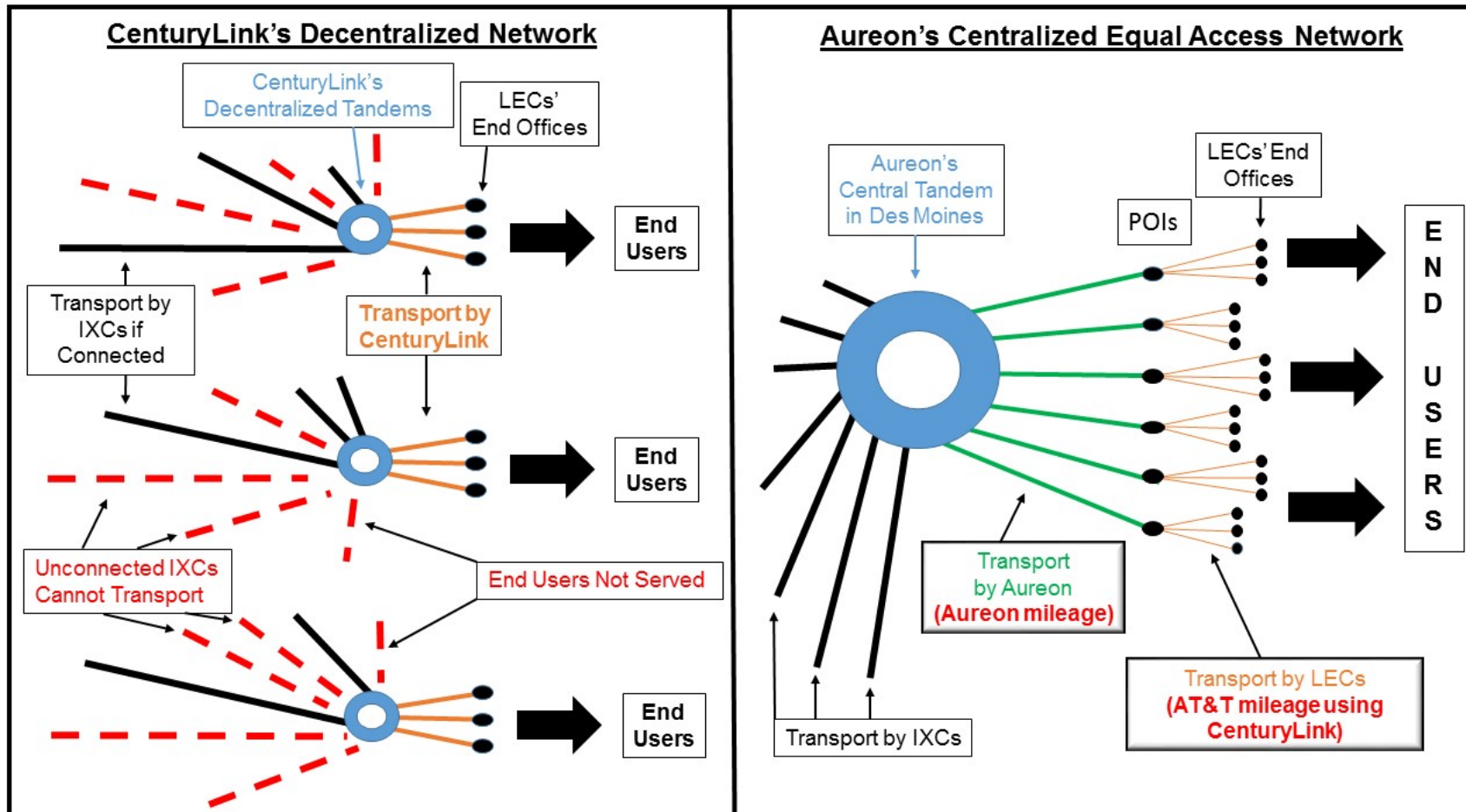
Aureon – Access Division
Regulated Services

Centralized Equal Access Service
(provided through unregulated lease for tandem and transport)



The lease rate charged by the Network Division to the Access Division is unregulated, and is appropriate if the lease rate complies with 47 C.F.R. § 32.27(c)(2), i.e., is less than the Network Division's fully distributed cost.

CenturyLink's Decentralized Network vs. Aureon's CEA Network
(and Transport Provided by CenturyLink vs. Aureon)



From p.32 of Aureon's Rebuttal.